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ENVIRONMENTAL ASSESSMENT

APPLICANT: Pegasus Gold Corporation LICENSE NO.: #00237

TYPE OF OPERATION: Exploration Decline DATE OF APPLICATION: 15 December 1993

LOCATION: Diamond Hill Project; Section 36, Township 7 North, Range 1 West

COUNTY: Broadwater PERSON(S) PREPARING E.A.: Eric LeLacheur & Scott Spano

APPLICATION COMPLETE: 23 February 1994 E.A. COMPLETE: 24 February 1994
Date Date

STATE DOCUMENTS COLLECTION
AUG 15 1997
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Introduction

Pegasus Gold Corporation has proposed construction of an exploration decline (adit) on the Diamond Hill exploration project. The project area is located seven miles west of Townsend on a tributary to the West Fork of Indian Creek in Broadwater County. Pegasus has been conducting road construction, drilling and trenching activities at the Diamond Hill Project under exploration license #00237 since 1988, and the current proposal is being submitted as an amendment to that license. All of the activities proposed under this amendment would take place on private land.

Project Description

The activities proposed under this project are:

1) Widen approximately 800 feet of existing access road to a 40-foot running surface for waste rock haulage. Existing access roads may need to be re-bladed and safety berms installed.

2) Construction of an explosive storage area by excavating areas suitable for two portable explosive magazines.

3) Construction of a 1.7-acre portal pad by laying back about 50 feet of hillside. Construction of contractor's office and shop area with 25' by 42' concrete pad in portal area and placement of a trailer for an office.

4) Excavation of 4500 feet of underground decline, 12' wide by 13' high.

5) Construction of a 100,000-ton waste rock dump and associated 90,000-gallon, lined runoff collection pond and 300 feet of pond access road.

6) Drive an 8-foot diameter borehole from 5400 elevation in the decline to the surface for ventilation and for use as an emergency escapeway.

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7) Conduct 20,000 feet of underground drilling and excavate a 20-ton metallurgical bulk sample.

At the end of operations, reclamation would be completed as follows:

1) The exploration portal and the ventilation borehole would be sealed to prevent access and water inflow or outflow.

2) Remove all temporary structures and remove concrete from shop area.

3) Recontour and revegetate all access roads, and the portal pad area.

4) Recontour, cap, re-soil, and establish vegetation on the waste rock dump.

5) Remove stormwater collection pond, recontour and revegetate pond site.

The operational activities are expected to be completed within 14 months of project start-up; reclamation and demobilization are expected to take another 3 months, for a total project life of 17 months.

				POTENTIAL IMPACTS		
	A	B	C	LONG TERM	SHORT TERM	AMPLIFICATION
PHYSICAL ENVIRONMENT						
1. TOPOGRAPHY			X	X	X	SEE AMPLIFICATION "A"
2. GEOLOGY; Stability			X			
3. SOILS; Quality, Distribution			X		X	SEE AMPLIFICATION "B"
4. WATER; Quality; Quantity; Distribution			X			SEE AMPLIFICATION "C"
5. AIR; Quality			X			
6. UNIQUE, ENDANGERED, FRAGILE, or LIMITED environmental resources			X			
BIOLOGICAL ENVIRONMENT						
1. TERRESTRIAL, AVIAN, and AQUATIC; species and habitats			X			SEE AMPLIFICATION "D"
2. VEGETATION; quantity, quality, species			X		X	SEE AMPLIFICATION "E"
HUMAN ENVIRONMENT						
1. SOCIAL; structures and mores			X			
2. CULTURAL uniqueness, diversity			X			
3. POPULATION; quantity and diversity			X			
4. HOUSING; quantity and distribution			X			
5. HUMAN HEALTH & SAFETY			X			
6. COMMUNITY & PERSONAL INCOME			X			
7. EMPLOYMENT; quantity and distribution			X			
8. TAX BASE; local and state tax revenue			X		X	Minor positive impact on local & state revenue
9. GOVERNMENT SERVICES; demand			X			
10. INDUSTRIAL, COMMERCIAL and AGRICULTURAL activities			X			

				POTENTIAL IMPACTS		
	A	B	C	LONG TERM	SHORT TERM	AMPLIFICATION
11. HISTORICAL and ARCHAEOLOGICAL			X			
12. AESTHETICS			X		X	Minor, short-term impacts on visual environment; all disturbed areas would be completely reclaimed.
13. ENVIRONMENTAL PLANS and GOALS; local and regional			X			SEE AMPLIFICATION "D"
14. DEMANDS on ENVIRONMENTAL RESOURCES of land, water, air and energy			X			
15. TRANSPORTATION; networks and traffic flows			X			SEE AMPLIFICATION "F"
16. CUMULATIVE AFFECTS			X			SEE AMPLIFICATION "G"

KEY:
A: Significant Unavoidable Impacts
B: Insignificant as a result of conditioned mitigation
C: Insignificant as proposed

PUBLIC INVOLVEMENT:

ALTERNATIVES CONSIDERED:

Alternative access routes have been considered and dismissed as unnecessary. Other exploration alternatives are cost prohibitive and would result in additional surface disturbance.

COMPLIANCE STATUS:

Exploration License is in full compliance.

RECOMMENDATIONS CONCERNING PREPARATION OF AN EIS:

Not necessary at this level of disturbance.

OTHER GROUPS OR AGENCIES CONTACTED OR WHICH MAY HAVE OVERLAPPING JURISDICTION:
None at this stage.

INDIVIDUALS OR GROUPS CONTRIBUTING TO THIS EA: Eric LeLacheur & Scott Spano

Signature

AMPLIFICATIONS

Amplification A

All disturbances created by the proposed actions would be recontoured and revegetated at reclamation. The waste rock dump would slightly change the existing topography over an area of about 2.7 acres, but at reclamation the dump would be recontoured to approximate the adjacent, natural landscape.

Amplification B

Soils in the area are of poor quality and quantity. Where available, soil would be salvaged for reclamation in advance of all disturbances. Where soil is not available or of poor quality for reclamation, alluvial material from an unreclaimed placer dredge pile in Indian Creek would be utilized as soil material. Test plots of existing reclamation utilizing this material would determine if organic amendments are necessary for successful revegetation of the reclamation proposed under this plan.

Amplification C

Water quantity from the adit is expected to be low. During operations, the water pumped from the workings would be tested for quality and, if determined necessary and appropriate by DSL, land applied for disposal.

The potential for water quality problems associated with acid production from the waste rock in the dump would be eliminated as follows:

1) The waste rock dump would be constructed so that the rock types with high acid-producing potential would be placed in the center of the dump, and the rock types with low or neutral acid-producing potential would be placed around the outside of the dump, effectively encapsulating the high acid potential rock types. In addition, lime kiln fly ash or fine lime rock from the Continental Lime plant near Townsend would be incorporated into the dump material during dump construction in amounts calculated to keep the dump from generating acid.

2) Drainage ditches lined with coarse limestone would be constructed around the top of the dump to divert any water from running onto the waste rock dump.

3) The waste rock dump would be capped with 24 inches of soil material and, if determined necessary by DSL, a bentonite cap would be placed below the soil material to prevent infiltration into the dump.

4) Plugging of the decline openings should prevent water inflow or outflow, effectively retarding acid formation in the mine workings.

Amplification D

The proposed activities take place outside of the Elkhorns Special Management Area and would not affect the Management area. No sensitive wildlife areas have been identified in the project area.

Amplification E

After recontouring, the exploration disturbances would be seeded with a native seed mixture designated by the Department of State Lands.

Amplification F

The proposed activities would require additional use of the Indian Creek Road. This activity would be restricted to the initial mobilization of heavy equipment and for commuting of workers to the site. Pegasus

would notify Broadwater County road officials when equipment moving takes place, and would place signs on both the Indian Creek road and the connecting route to Radersburg. During hunting season, traffic by Pegasus would be restricted to one or two round trips per day during legal hunting hours.

Amplification G

The work would occur in an area that is already impacted by historic mining and exploration, as well as exploration under the current license. Pegasus has been working to mitigate cumulative impacts. Pegasus has:

1) removed from the site two large, sulfide waste rock dumps and mill tailings dump from the area near the West Fork of Indian Creek and transported them off site for proper disposal in a contained facility.
2) removed a waste rock dump from a drainageway and back-filled a small open pit.
3) reclaimed approximately 3200 feet of exploration roads and associated drill sites which were constructed under the current exploration license.

Pegasus has also committed to conducting additional reclamation of 0.31 acres of roads concurrently with the activities proposed under this amendment.